

§ 287.3

provisions relating to the nonrecognition of gain from the sale or loss of such vessel or vessels so owned, but may establish a construction reserve fund in which he may deposit earnings from the operation of such vessel or vessels.

(d) *Applicability of section 511.* Section 511 of the Act applies only with respect to sales or losses of vessels within the scope of § 287.3 or in respect of earnings derived from the operation of such vessels. A loss to be within section 511 of the Act must be an actual or constructive total loss. Whether there is a total loss, actual or constructive, will be determined by the Administration.

§ 287.3 Requirements as to vessel operations.

Section 511 of the Act applies with respect to vessels operated in the foreign or domestic commerce of the United States or in the fisheries of the United States and vessels acquired or being constructed for the purpose of such operation. The foreign commerce of the United States includes commerce or trade between the United States (including the District of Columbia), the territories and possessions which are embraced within the coastwise laws, and a foreign country or other territories and possessions of the United States. The domestic commerce of the United States includes commerce or trade between ports of the United States and its territories and possessions, embraced within the coastwise laws and on inland rivers. The fisheries include the fisheries of the United States and its territories and possessions. Section 511 of the Act does not apply to vessels operated in the foreign commerce or fisheries of any country other than the United States.

§ 287.4 Application to establish fund.

(a) Any person claiming to be entitled to the benefits of section 511 of the Act may make application, in writing, to the Administration for permission to establish a construction reserve fund. The original application shall be executed and verified by the taxpayer, or if the taxpayer is a corporation, by one of its principal officers, in triplicate, and shall be accompanied by

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eight conformed copies when filed with the Administration. MARAD will accept electronic options (such as facsimile and Internet) for transmission of required information to MARAD, if practicable.

(b) Form of application:

APPLICATION FOR PERMISSION TO ESTABLISH A CONSTRUCTION RESERVE FUND UNDER SEC. 511, MERCHANT MARINE ACT, 1936, AS AMENDED

The undersigned applicant, _____, hereby applies, under section 511, Merchant Marine Act, 1936, as amended, and the regulations prescribed by the Secretary of Transportation acting by and through the Maritime Administrator (hereinafter referred to as "Administrator") (46 CFR Part 287) and the Secretary of the Treasury, Internal Revenue Service (26 CFR Part 2) for permission to establish a construction reserve fund to be used for the construction or acquisition of a new vessel or vessels as defined by subsection (a) of said section 511, and submits in support of its application the following information:

A. Identity and nationality of applicant.

1. Exact name.
2. Status (individual, partnership, corporation, etc.).
3. Give the place of incorporation—whether under the laws of the United States, or of a State, Territory, District, or possession thereof.
4. Address of principal executive offices.
5. A statement, if applicant is an individual or a partnership, should be attached in the application in affidavit form, containing information that applicant is a citizen of the United States by virtue of birth in the United States, naturalization, etc.; give place and date of birth and/or naturalization; if derivative U.S. citizenship is alleged through naturalization of parent while a minor, the number, date and place of issue of the certificate of derivative citizenship of applicant should be cited together with any other pertinent details relative thereto.
6. (a) The name, office, and nationality of each officer and director of the applicant owning shares of stock in the corporation should be submitted together with the number and class of capital shares owned.

(b) In order that the U.S. citizenship status of a corporation applicant may be determined by the Administration, an affidavit as in accordance with Part 355 of this Chapter shall be furnished together with a current copy of the Articles or Certificate of Incorporation certified by the Secretary of the State where incorporated (or appropriate officer, if other than a State, as provided in "A.3" above), and a copy of the current By-Laws certified by the Secretary of the Corporation.